



June 4, 2019

The Honorable David A. Perdue
United States Senate
455 Russell Senate Office Building
Washington, DC 20510

The Honorable Catherine Cortez Masto
United States Senate
516 Hart Senate Office Building
Washington, DC 20510

RE: Filing Relief for Natural Disasters Act (S. 1677)

Dear Senators Perdue and Cortez Masto:

The American Institute of CPAs (AICPA) commends you on your efforts to provide permanent and consistent tax relief to individuals and businesses affected by natural disasters. Specifically, we appreciate that the Filing Relief for Natural Disasters Act (S. 1677) provides the Internal Revenue Service (IRS) the authority to postpone federal tax deadlines by reason of state-declared disasters or emergencies.

Similar to the IRS's authority to postpone certain deadlines in the event of a presidentially-declared disaster, Congress should extend that limited authority to state-declared disasters and states of emergency. Currently, the IRS's authority to grant deadline extensions, outlined in section 7508A,¹ is strictly limited to taxpayers affected by federally-declared disasters.²

Many times, state governors will issue official disaster declarations promptly but often, federal disaster declarations in those same regions are not declared for days, or sometimes weeks after the state declaration. This process delays the IRS's ability to provide federal tax relief to affected businesses and disaster victims. Taxpayers can request waivers of penalties on a case-by-case basis; however, this process causes the taxpayer, tax preparer, and the IRS to expend valuable time, effort, and resources which are already in shortage during times of a disaster. Granting the IRS specific authority to quickly postpone certain deadlines in response to state-declared disasters allows the IRS to offer victims the certainty they need as soon as possible.

During the September 15 and October 15, 2017 extended filing season, we saw this issue affect many states impacted by Hurricanes Harvey, Maria and Irma, and the widespread wildfires in California. The same issue arose in 2016 during Hurricane Matthew, which affected multiple states along the Southeast coast. From October 6 through 10, Matthew traveled north from Florida to Virginia. And most recently, the issue arose in North

¹ Unless otherwise indicated, hereinafter, all section references are to the Internal Revenue Code of 1986, as amended, or to Treasury Regulations promulgated thereunder.

² See Federal Emergency Management Agency (FEMA) disaster declarations:
<https://www.fema.gov/disasters>.

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Carolina and South Carolina in the wake of Hurricane Florence. Relief for taxpayers following these disasters arrived shortly before or after the extended filing deadlines, which caused taxpayers and tax practitioners unnecessary stress and burden for the days leading up to the issuance of the relief. In most cases, this relief was too late to make a substantial difference.

The AICPA is a long-time advocate of implementing permanent disaster tax relief provisions. Although we cannot prevent disasters from occurring, predict when or where they will take place, or foresee the scope of damages that will result, it is evident that natural disasters will continue to regularly affect the Nation.

Our members appreciate and support S. 1677 and urge Congress to grant the IRS specific authority to quickly postpone certain deadlines in response to state-declared disasters.

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The AICPA is the world's largest member association representing the accounting profession, with more than 429,000 members in the United States and worldwide, and a history of serving the public interest since 1887. Our members advise clients on federal, state and international tax matters and prepare income and other tax returns for millions of Americans. Our members provide services to individuals, not-for-profit organizations, small and medium-sized businesses, as well as America's largest businesses.

We appreciate your consideration of these comments and welcome the opportunity to discuss these issues further. If you have any questions, please contact David Baldwin, Chair, AICPA Individual & Self-Employed Tax Technical Resource Panel, at (480) 758-5617 or Dave@baldwintax.com; Amy Wang, AICPA Senior Manager – Tax Policy & Advocacy, at (202) 434-9264 or Amy.Wang@aicpa-cima.com; or me at (612) 397-3071 or Chris.Hesse@CLAconnect.com.

Sincerely,



Christopher W. Hesse, CPA
Chair, AICPA Tax Executive Committee

cc: Members of Senate Finance Committee